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CONTROL: 7124
REC'D: APRIL 9, 1964
1:24 A.M.

FROM: TRIPOLI

NO.: TOAID 419, APRIL 8, 4 P.M. (SECTION ONE OF TWO).

PRIORITY

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ACTION
INFO.

ACTION PRIORITY DEPARTMENT TOAID 419; INFORMATION BAIDA, BENGHAZI USAID UNNUMBERED.

FROM DORMAN

JOINT EMBASSY-USAID MESSAGE

SUBJECT: RESEARCH AND ADVISORY SERVICES FOR INSTITUTIONAL GROWTH.

REFERENCE: AIDTO 375.

LIBYA NOW ONE OF FEW UNDERDEVELOPED COUNTRIES WITH VIRTUALLY UNLIMITED CAPITAL RESOURCES. THUS, MAJOR DEVELOPMENT PROBLEM IS MANPOWER FORMATION RATHER THAN CAPITAL FORMATION. DESPITE ABUNDANT CAPITAL, PROBLEM OF CONVERTING MANPOWER INTO COHESIVE AND EFFECTIVE ORGANIZATION IS CRITICAL TO INSTITUTIONAL GROWTH AND NATIONAL DEVELOPMENT UPON WHICH GENUINE POLITICAL STABILITY MUST ULTIMATELY DEPEND.

OTHER AGENCY

WHILE U.S. NO LONGER ABLE JUSTIFY MAINTENANCE AID MISSION OR EXPENDITURE APPRECIABLE FUNDS FOR PURPOSES ECONOMIC DEVELOPMENT, IT CLEAR U.S. HAS CONTINUING INTEREST MAINTAINING VISIBLE AND EFFECTIVE U.S. PRESENCE VIS-A-VIS LIBYA'S ECONOMIC DEVELOPMENT EFFORTS DURING FORESEEABLE FUTURE. HOWEVER, ABILITY OF U.S. AND OTHER WESTERN GOVERNMENTS TO EXERT PERSUASIVE AND EFFECTIVE INFLUENCE LIBYA'S ORIENTATION AND DEVELOPMENT BECOMING INCREASINGLY LIMITED AS LIBYA ACHIEVES FINANCIAL INDEPENDENCE. FURTHER, PRESENCE U.S. MILITARY BASE AND U.S.

/OIL COMPANIES

(3)

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OIL COMPANIES HAS CAUSED GOL IN PAST TO SUSPECT U.S. GOVERNMENT'S MOTIVE IN SUPPORTING LEGITIMATE PROGRAMS TO ACHIEVE ECONOMIC AND SOCIAL GROWTH.

PROBLEM WE FACE, THEREFORE, IS ONE OF EVOLVING PERSUASIVE AND EFFECTIVE MECHANISM WHICH WILL ACHIEVE MAXIMUM U.S. OBJECTIVES WITH MINIMUM INVOLVEMENT U.S. GOVERNMENT OR U.S. GOVERNMENT AGENCIES. IN LIGHT IMMINENT PHASE-OUT U.S. AID PROGRAM, WE NEED DEVELOP NEW MEANS MAINTAINING U.S. PRESENCE LIBYA AND CONTINUING AMERICAN IDENTIFICATION WITH SIGNIFICANT PROGRAMS AIMED AT LIBYAN ECONOMIC AND SOCIAL BETTERMENT.

TO THIS END WE PROPOSE CONCERTED U.S. GOVERNMENT ACTION TO PROMOTE AND SUPPORT FINANCIALLY THE EFFORTS OF A PRIVATE U.S. INSTITUTION OR FOUNDATION IN PROVIDING CONTINUED AMERICAN ASSISTANCE TO LIBYA'S DEVELOPMENT EFFORTS THROUGH PROGRAMS OF RESEARCH, ANALYSIS AND ADVISORY SERVICES.

IT IS FELT THAT WITH THE AVAILABILITY OF AMPLE INDIGENOUS CAPITAL BUT WITH CRITICAL MANPOWER NEEDS, LIBYA OFFERS AN EXCELLENT FIELD FOR A COMPETENT U.S. PRIVATE INSTITUTION (WITH MODEST FINANCIAL SUPPORT FROM PRIVATE INDUSTRY AND U.S. GOVERNMENT) TO EXPLORE, DEVELOP, AND TEST TECHNIQUES FOR CREATING AND SUSTAINING INSTITUTIONAL GROWTH.

SPECIFICALLY, WE BELIEVE SUCH A PROJECT COULD BE DEVELOPED THROUGH COOPERATION AMONG THE U.S. GOVERNMENT, PRIVATE U.S. INTERESTS IN LIBYA, AND THE RESOURCES OF A U.S. INSTITUTION OR FOUNDATION. IT IS BELIEVED THAT U.S. OIL COMPANIES IN LIBYA WOULD WELCOME AN ARRANGEMENT WHEREBY THEY COULD PROVIDE TECHNICAL AND ADVISORY ASSISTANCE TO THE GOL WITHOUT THE FREQUENTLY DIFFICULT TASK OF ATTEMPTING TO NEGOTIATE SUCH ARRANGEMENTS DIRECTLY, SOMETIMES IN AN ATMOSPHERE OF SUSPICION.

/AMERICAN INFLUENCE

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-3- TOAID 419, APRIL 8, 4 P.M. (SECTION ONE OF TWO). FROM: TRIPOLI.

AMERICAN INFLUENCE AND PRESENCE COULD BE INSURED THROUGH A FOUR YEAR PROGRAM OFFERING TECHNICAL AND ADVISORY ASSISTANCE AT A LEVEL BETWEEN $[illegible] AND $[illegible] ANNUALLY. AID'S ROLE IN SUCH A PROGRAM WOULD INVOLVE UTILIZATION ITS "GOOD OFFICES" IN STIMULATING THE DEVELOPMENT OF A COOPERATIVE PROJECT AND PROVIDING INITIAL SEED CAPITAL PRESUMABLY FROM REGIONAL OR FROM RESEARCH AND DEVELOPMENT FUNDS. WE RECOMMEND THAT AID/W ATTEMPT TO OBTAIN MAJOR FINANCING THROUGH CONTRIBUTION FROM THE U.S. OIL COMPANIES AND A U.S. FOUNDATION OR INSTITUTION. IN NO CASE SHOULD AID PROVIDE MORE THAN 25 PER CENT OF TOTAL PROJECT COSTS AND AID FUNDS SHOULD BE PLEDGED ON AN AGREED MATCHING BASIS FOR THE TOTAL LIFE OF THE PROJECT RATHER THAN ANNUALLY.

LIGHTNER

PA:22.

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SS-12
SP-2
L-3
AF-4
E-4
IGA-3
INR-5
RMR-1
119

CONTROL: 7115
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1:04 A.M.

FROM: TRIPOLI

NO.: TOAID 419, APRIL 8, 4 P.M. (SECTION TWO OF TWO).

PRIORITY

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ACTION

ACTION PRIORITY DEPARTMENT TOAID 419; INFORMATION BAIDA, BENGHAZI USAID UNNUMBERED.

INFO.

FROM DORMAN

JOINT EMBASSY-USAID MESSAGE

SUBJECT: RESEARCH AND ADVISORY SERVICES FOR INSTITUTIONAL GROWTH.

REFERENCE: AIDTO 375.

IF AID/W CAN DEVELOP SUFFICIENT INTEREST IN SUCH A PROGRAM, WE BELIEVE IT POSSIBLE TO PERSUADE THE GOL TO SUPPORT THE LOCAL CURRENCY COSTS CONNECTED WITH THE SUPPLY OF AMERICAN ADVISORS, ETC., UNDER THE PROJECT.

FURTHER, WE HAVE DELIBERATELY WITHHELD PROGRAMMING MORE THAN $200,000 EQUIVALENT IN COUNTERPART FUNDS PENDING THE CREATION OF SOME CONTINUING PROJECT RELATED TO LIBYA'S ECONOMIC DEVELOPMENT. WE ARE QUITE CERTAIN THAT THE GOL WOULD BE WILLING TO PROGRAM THESE FUNDS IN SUPPORT OF SUCH A PROJECT.

OTHER AGENCY

OF FOUR YEAR PROGRAM COSTS APPROXIMATELY $2 MILLION, WE BELIEVE IT REASONABLE TO ANTICIPATE A TOTAL CONTRIBUTION FROM OIL COMPANIES OF APPROXIMATELY $1 MILLION. THE U.S. INSTITUTION OR FOUNDATION SHOULD BE REQUIRED TO CONTRIBUTE BETWEEN $300,000 AND $500,000. AID'S CONTRIBUTION WOULD FALL IN THE SAME RANGE OF MAGNITUDE, DEPENDING ON OUR ABILITY TO OBTAIN LOCAL CURRENCY FINANCING FROM THE GOL

/IN SUPPORT

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-2- TOAID 419, APRIL 8, 4 P.M. (SECTION TWO OF TWO). FROM: TRIPOLI.

IN SUPPORT OF THE PROJECT. WITH SUCH FUNDING, IT IS ANTICIPATED THAT THE FOUNDATION CAN MAINTAIN IN LIBYA A TOP LEVEL PROJECT MANAGER TO ASSESS REQUIREMENTS FOR INSTITUTIONAL AND MANPOWER DEVELOPMENT AND TO ADVISE THE GOL ON DEVELOPMENT PRIORITIES AND PROGRAMS.

IN ADDITION, THE FUNDS IN QUESTION WOULD COVER THE SALARIES OF BETWEEN 15 AND 20 ADVISORS PROVIDED UNDER THE PROJECT TO A LIMITED NUMBER OF KEY MINISTRIES. THE FUNCTION OF THESE ADVISORS WOULD BE TO STRENGTHEN THE ORGANIZATION OF THE MINISTRIES AND TO DEVELOP LIBYA'S TECHNICAL AND ADMINISTRATIVE MANPOWER TO STAFF THE MINISTRIES IN QUESTION. IN ADDITION, IT WOULD BE POSSIBLE TO PROVIDE TRAINING IN THE U.S. FOR BETWEEN 10 AND 15 YOUNG LIBYANS ANNUALLY AS PART OF A PLANNED PROGRAM. SPECIFICALLY, THE COOPERATIVE U.S. PROJECT SHOULD BE DESIGNED TO SUPPORT PRINCIPALLY THE MINISTRIES OF PLANNING, FINANCE, INDUSTRY, AGRICULTURE AND EDUCATION, WITH PARTICULAR EMPHASIS ON ACHIEVING A MORE EFFECTIVE UNIVERSITY.

PROCEDURALLY WE RECOMMEND THAT SENIOR AID/W OFFICIAL BE GIVEN FULL RESPONSIBILITY FOLLOWING THROUGH THIS PROPOSAL AND DISCUSSING WITH VARIOUS INSTITUTIONS AND FOUNDATIONS THEIR POSSIBLE INTEREST SPONSORING SUCH A PROGRAM. IF AID/W CONCURS THIS SUGGESTION, WE PREPARED CONTINUE DISCUSSIONS U.S. OIL COMPANIES WHICH ALREADY INITIATED ON HIGHLY TENTATIVE BASIS. FYI. BOTH PRESIDENT AND VP ESSO (LIBYA) HAVE INDICATED THEIR SUPPORT IN PRINCIPLE THIS IDEA. END FYI.

ONCE FOUNDATION INTERESTED THIS PROPOSAL, BELIEVE IT SHOULD ASSUME LEADERSHIP IN APPROACHING OIL COMPANIES, ETC., WITH APPROPRIATE BACKSTOPPING BOTH DEPARTMENT AND AID/W.

RE TIMING, WHILE U.S. PRESENCE PARTIALLY ASSURED FOR SOME MONTHS WITH PRESENCE CONTRACT TECHNICIANS SEVERAL MINISTRIES,

/BELIEVE PROPOSAL

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BELIEVE PROPOSAL CONTAINED THIS MESSAGE SHOULD BE IMPLEMENTED SHORTEST POSSIBLE TIME. BY SO DOING U.S. COULD EFFECTIVELY DRAMATIZE ITS CONTINUING INTEREST LIBYA EVEN THOUGH U.S. AID PHASING OUT AS WELL AS ASSURE CONTINUITY U.S. PRESENCE KEY MINISTRIES WHEN CURRENT CONTRACT TECHNICIANS LEAVE.

AMBASSADOR HAS APPROVED FOREGOING IN PRINCIPLE, BUT IS CURRENTLY IN TOBRUQ AND HAS NOT SEEN TEXT.

LIGHTNER

BA:22.

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